

... in a time of radical change

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This presentation was developed by Tom Thomas and Terry Clifford, co-CEOs of the Station Resource Group and presented at the September 2006 meeting of Public Radio in Mid-America (PRIMA)

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a time of radical change

The public media organizations formerly known as stations

Using technologies no longer limited to radio

Serving individuals formerly known as the audience.
. . . a time of radical change

• Disruption
  – Technologies
  – Markets and economies
  – Political environment
  – Culture

“The house is on fire.”

John Barth, PRX
... a time of radical change

• Destabilization of self-perception
  – Expectations
  – Relationships

“NPR wants to sleep with other people.”
New Realities Forum
We are encountering some turbulence.
Loyalty in listening

- Of listeners in a given station’s weekly cumulative audience who are listening to the radio, what percentage are tuned to that station at any given time
Loyalty: How Well a Station Serves Its Own Audience
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WXYZ

41% of Listening
Loyalty in listening

- We have been gaining listening at other stations’ expense for years
- Now they are gaining listeners from us
Loyalty of Public Radio’s Listeners
(Percent of all Listener-Hours to Radio per Year)
Public Radio’s Arbitron Diary Database

- to Other FMs
- to Public Radio Stations
- to Other AMs
- to XM & Sirius Channels

Source: Audience 2010
Loyalty to Public Radio Programming
Public Radio’s Arbitron Diary Database

Source: Audience 2010
Loyalty in listening

• When you lose share, it doesn’t disappear
• What did they do to get better?
• Did we do something to get worse?
Problems at the core

• Almost all the recent loss in listening was by core listeners

• The two programs in which public radio invests the most – Morning Edition and All Things Considered – lost 81 million listener hours from 2004 to 2005; that’s 30% of the total
An inconvenient truth

- Almost all the recent loss in listening was by core listeners
- The two programs in which public radio invests the most – Morning Edition and All Things Considered – lost 81 million listener hours from 2004 to 2005; that’s 30% of the total
Loyalty in giving

• Change in listening loyalty is echoed in giving
• Among 58 stations using Target Analysis, renewal of support down in every category
  – format, original source of gift, years of giving, amount of last gift
Renewal and Retention, FY 01-05

Renewal Rate

First-year Renewal

Multi-year Renewal
Still moving forward financially

- Listener support reached its highest level ever in FY 2005
  - 2% increase in net listener support after adjusting for inflation
  - Net per listener hour at all time high, up 4% from 2004
  - Cost of raising a dollar up a penny to 35¢
Public Radio's Listener Support
Adjusted for Inflation (2005 Dollars)

Source: CPB: Annual Financial Reports
Public Radio's Development Expenses
Adjusted for Inflation (2005 Dollars)

- Individual fundraising
- Underwriting and grants

Source: CPB: Annual Financial Reports
Public Radio's Net Listener Support
Adjusted for Inflation (2005 Dollars)

Source: CPB: Annual Financial Reports

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Public Radio's Net Listener Support per Listener Hour Adjusted for Inflation (2005 Dollars)

Source: CPB: Annual Financial Reports, Arbitron Spring Nationwide, RRC
Still moving forward financially

• Underwriting up significantly
  – Net revenue grew by 9%
  – Cost of fundraising held steady
  – Net per listener hour up 11%, closing in on 2000 “boom” record
Public Radio's Net Underwriting Support
After Cost of Fundraising, Adjusted for Inflation (2005 Dollars)

Source: CPB: Annual Financial Reports

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Net Underwriting Support per Listener Hour
After Cost of Fundraising, Adjusted for Inflation (2005 Dollars)

Source: CPB: Annual Financial Reports, Arbitron Spring Nationwide, RRC

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Net Listener Support and Underwriting
After Cost of Fundraising, Adjusted for Inflation (2005 Dollars)

Source: CPB: Annual Financial Reports, Arbitron Nationwide
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Change in Net Listener Support and Underwriting
After Cost of Fundraising, Adjusted for Inflation (2005 Dollars)

Source: CPB: Annual Financial Reports

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The evolving mix

• Community-based fundraising led our growth as institutional and governmental support stayed flat or sagged.
• Larger gifts are making up for lower renewals.
• Rapid growth in underwriting accounts for most of the new dollars.
Public Radio's Major Gift Support
After Cost of Fundraising, Adjusted for Inflation (2005 Dollars)

Source: CPB: Annual Financial Reports

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Net Listener Support per Listener Hour
Adjusted for Inflation (2004 Dollars)

Source: CPB: Annual Financial Reports
Net Underwriting per Listener Hour
Adjusted for Inflation (2004 Dollars)

Source: CPB: Annual Financial Reports
Speaking of an evolving mix . . .

- True of false: “Baby Boomers are the heart of the public radio audience.”
- True or false: Public radio has a graying audience and fails to reach younger listeners.
- Fact: GenXs and GenYs are public radio’s fastest growing segment and are likely to be the largest portion of our audience within five years.
Public Radio Listeners
(Cume Persons per Week, in Millions)
Public Radio’s Arbitron Diary Database

Source: Audience 2010
Loyalty to Public Radio
Public Radio’s Arbitron Diary Database

Source: Audience 2010
Placing bets on the future

• Multiple initiatives for which both service outcomes and sustainability are unclear
  – HD radio
  – Digital distribution
  – Local news and information
    • Overall capacity
    • Nature of the news (i.e. Public Insight Journalism)
Strategic choices

• Long-term position as public media institutions
• Preserving and growing the substantial investments that don’t come from listener support and underwriting
• Distinctive identity and close connection to community will eventually pay off in public support
Where We Are Going

Significant institutions with important and expanding roles in the civic and cultural lives of our communities
Enduring power of broadcast

• Core of service for years to come
  – Universal free access
  – Tens of millions in the audience
  – More service than all other audio channels put together
  – Economic engine of the field
  – Connection to communities
  – Infrastructure already in place
Build on broadcast assets

• Discipline and focus to preserve and strengthen performance of the current system
• Opportunities for growth across all measures: stations, audience, support, and trust
Embrace the new

• Integrate broadcast with an array of emerging platforms and channels to deepen and broaden our services and our communities of users
  – More content
  – More user control
  – More interaction with and among individuals and groups
  – More connections to communities
“Push” and “Pull”

• Expanding bandwidth, computer power, storage, and connectivity support an expanding portfolio of services

• Push: one-to-many driven by the presenter

• Pull: many-to-one driven by the user

• Not either/or – it’s both
A larger role

- Strategic position: trusted and sophisticated producers, selectors, and context setters for content of high quality and depth
- Build out capacities as authenticators and recommenders in an interactive community
- Leverage trust and reach to convene on the civic and cultural issues and interests of our time
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